WELFARE REFORM BILL/Population Increase Supplemental Formula

SUBJECT: Family Self-Sufficiency Act of 1995 . . . H.R. 4. Feinstein modified amendment No. 2469 to the Dole modified perfecting amendment No. 2280 to the committee substitute amendment.

ACTION: AMENDMENT REJECTED, 40-59

SYNOPSIS: As reported with a committee substitute amendment, H.R. 4, the Family Self-Sufficiency Act of 1995, will overhaul six of the Nation's ten largest welfare programs.

The Dole modified perfecting amendment would strike the provisions of the committee substitute amendment and insert in lieu thereof substitute provisions, entitled "The Work Opportunity Act of 1995."

The Feinstein modified amendment would strike the Dole amendment's formula for population increase grants to supplement State family assistance grants (which would be created by the Dole amendment as a substitute for Aid to Families with Dependent Children (AFDC) benefits) and would substitute in lieu thereof an alternate formula. Funding for supplemental grants would remain at \$877 million over 5 years. For each of fiscal years (FYs) 1997-2000, any State that had an increase in the number of its poor people would receive a share of the supplemental grant funding in proportion to the total increased number of poor people in all the States. (The Dole amendment would provide a 2.5 percent increase in family assistance grant funding to a qualifying State over its previous year's funding for each of FYs 1997-2000. To qualify, a State's average welfare spending per poor person would have to be below the national average and its growth rate would have to be above the national average. To qualify for years after FY 1997, a State would also have to have qualified in FY 1997. Notwithstanding the above restrictions, any State with average welfare spending per poor person in FY 1996 that was less than 35 percent of the national average would qualify for supplemental grants for FYs 1997-2000.)

Those favoring the amendment contended:

Under the Dole amendment 31 States would have their Federal welfare funding frozen at current levels for the next 5 years. The

(See other side)

YEAS (40)			NAYS (59)			NOT VOTING (1)	
Republicans	Democrats (35 or 76%)		Republicans (48 or 91%)		Democrats (11 or 24%)	Republicans Democrats	
(5 or 9%)						(1)	(0)
Coats Gorton Lugar McConnell Specter	Akaka Biden Boxer Bradley Bryan Byrd Conrad Daschle Dodd Dorgan Exon Feingold Feinstein Ford Glenn Harkin Inouye	Kennedy Kerrey Kerry Kohl Lautenberg Leahy Levin Lieberman Mikulski Moseley-Braun Moynihan Murray Pell Reid Rockefeller Sarbanes Simon Wellstone	Abraham Ashcroft Bennett Bond Brown Burns Campbell Chafee Cohen Coverdell Craig D'Amato DeWine Dole Domenici Faircloth Frist Gramm Grams Grassley Gregg Hatch Hatfield Helms	Hutchison Inhofe Jeffords Kassebaum Kempthorne Kyl Lott Mack McCain Murkowski Nickles Packwood Pressler Roth Santorum Shelby Simpson Smith Snowe Stevens Thomas Thompson Thurmond Warner	Baucus Bingaman Breaux Bumpers Graham Heflin Hollings Johnston Nunn Pryor Robb	EXPLANAT 1—Official I 2—Necessar 3—Illness 4—Other SYMBOLS: AY—Annou AN—Annou PY—Paired PN—Paired	nily Absent nnced Yea nnced Nay Yea

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other 19 would be given bonuses. The general idea of the Dole amendment is that those States that currently spend very little on their poor people and that are expected to have higher than average population growth (not growth in the number of poor people) should get bonuses. For the 2 States that spend less than 35 percent of the national average, no growth would be necessary--simply because they have done so poorly in the past they would get bonuses in the future. The logic of this amendment is mystifying. Instead of sending supplemental funds to areas where the number of people on assistance increases, the Dole amendment would send supplemental funds to areas where the State governments have generally neglected the needs of the poor. Perhaps the explanation can be found in the fact that two-thirds of the Senators who represent States that would benefit from the Dole amendment are Republicans.

Unlike the Dole amendment, the Feinstein amendment makes sense. It would provide supplemental funds to States that had increases in the number of people receiving benefits. Obviously, more funds would be needed in such States. The House adopted the same formula in its version of this bill. All in all, 27 States would benefit from the formula in the Feinstein amendment, and, more importantly, welfare recipients would benefit. We therefore urge our colleagues to vote in favor of this amendment.

Those opposing the amendment contended:

The Feinstein amendment, though it appears to be equitable, would actually provide an unfair reward to those wealthier States that currently provide very large per capita welfare benefits. To understand why, one needs to look at the structure and history of the Aid to Families with Dependent Children (AFDC) Program, and the structure of the temporary block grant program that has been proposed by the Dole amendment as a replacement for it. The AFDC Program provides Federal matching funds. Generally, States with higher per capita welfare spending are also wealthier States that can more easily afford such programs. The Dole amendment would eliminate the AFDC entitlement program and would replace it with a block grant program without any matching requirements. Each State's current funding level would be frozen for the next 5 years. As modified, the Dole amendment would also require each State to maintain spending at least at 75 percent of its current effort. Thus, for the next 5 years, wealthier States like California and New York with high per capita welfare expenditures would continue to receive the same amount of Federal money as they currently receive under the AFDC Program, but without all the Federal strings attached, and with an opportunity to cut their high rates of spending their own money by 25 percent. For 5 years they would be rewarded based upon their past high welfare spending. Poorer States that currently spend less on welfare would also have their Federal welfare dollars frozen. For 5 years, current funding disparities based on current matching requirements would be locked into law even though those matching requirements would no longer exist. For 5 years, wealthy States like California would continue to get several times more Federal funding per poor person than would poor States like Alabama.

In addition to their basic block grant funding, some States would also receive supplemental funding under the Dole amendment. That funding would go to States with higher than average growth and lower than average welfare expenditures. Our colleagues imagine that this extra funding would be given solely to help States that experienced an increase in their welfare rolls. They are wrong. The funding would be provided to help out those States that had large population increases and that did not receive much Federal aid. Such States would need such help both because they receive less aid per welfare recipient and because they are poorer than States that spend more on their welfare recipients. Higher income States that would already be guaranteed an unfair share of funds over the next 5 years under the main funding formula would logically not be eligible for supplemental funds. We should try to narrow the disparity in aid given to the States, not widen it.

With this background, we invite our colleagues to examine the Feinstein amendment. That amendment would simply divide up the supplemental funds in the bill according to the increases in the number of poor people in each State. The Senator from California has noted that this method would result in 27 States receiving more money than they would under the Dole amendment's formula (with California receiving 20 percent of the total). If Senators therefore ignore the national interest in defense of their own parochial interests, this amendment should carry. However, we are certain most Senators will not do so. We know that the Senators from Texas, the junior Senator from New York, and other Senators whose States would personally benefit are not willing to support this amendment.

The final point that needs to be made is that the Feinstein amendment would create incentives that are at cross purposes to the intent of this bill, which is to eliminate the welfare state. For the past 30 years all Americans have paid into a welfare system that is concentrated in a few of the wealthier States in the Nation. Giving these States bonuses if they manage to increase their welfare rolls even further obviously will not help in the fight to reform welfare.

The Feinstein amendment would not help us reach our real goal of ending welfare as we know it; it would not promote work or responsibility; it would not promote parity between the States. All it would do is make a greedy grasp for money. We urge our colleagues to defeat this amendment.